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SOME THOUGHTS ON SOVIET FOREIGN TRADE
to include in your Hot Springs Speech

In the past few years composition of Soviet trade, particularly with the underdeveloped countries, has changed notably.

Old emphasis on autarchy -- on insistence that USSR must develop own sources in sufficient quantity to withstand long-term boycott or blockade -- has given way to what Mikoyan calls "the rational division of labor among states".

Soviets thus exporting goods from most efficient sector of their economy and supplementing own production by imports of goods (agriculture and consumer items) which they find most difficult and expensive to produce. Examples, export of petroleum products have nearly quadrupled in past three years and manufactured goods nearly doubled. While on the other side, imports of food products have gone up approximately 25 per cent.

While the trade is roughly in balance they now show no hesitation to obtain foreign exchange by exporting gold and in two of the last four years have exported bullion in quantities approximately equal to their annual production.

While there is, of course, considerable centralized direction of Bloc economic activities directed at the free world, there is also evidence that the Russians encourage fairly cutthroat competition between their satellites in trying to obtain export business.

Impact of some of their primary metal exports, tin and aluminum, has been considerable on world markets in recent months. No question but that they will be willing to sell below cost in order to open up desirable trade relations and to achieve political purposes anywhere in the world; but important fact to remember is that in many sectors their economy is efficient enough so that they can engage in the game of upsetting cartel prices without sacrificing economic advantage themselves.

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